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THE MIT/BRA NEW COMMUNITY REPORT

Working Paper

EMPLOYMENT AND ECONOMIC ACTIVITY

I

Topic Reports

II

Goal Reports

Submitted by:

Les Boden

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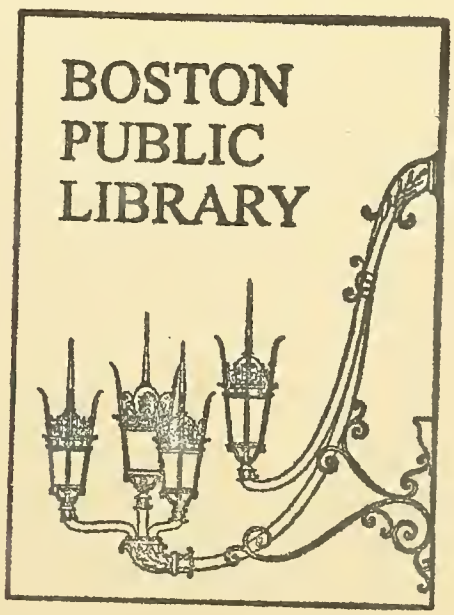

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Topic Reports

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General

1. Jobs are shifting outward in every large metropolitan area, as is population.

Alexander Ganz. Emerging Patterns of Urban Growth and Travel. 1968.

Meyer, Kain, and Wohl. The Urban Transportation Problem. 1966.

Raymond Vernon. The Changing Economic Function of the Central City. 1959.

John F. Kain. "The Distribution and Movement of Jobs and Industry." Mimeo. n.d.

2. However, the least suburban-mobile group of people is the poor, and especially the Black poor.

John F. Kain. "Housing Segregation, Negro Employment, and Metropolitan Decentralization." 1967.

3. Some reasons for the spreading-out of economic activity:

a. Improved communications, making it possible to preserve communications-based urban advantages while farther from the city center.

b. The continued move to truck transport and the improvement of suburban transport facilities relative to those of the central city.

c. Changing production technology, emphasizing more land per employee and per unit of output.

d. Changing composition of production toward higher product value per unit of transportation cost.

e. The difficulty of physical expansion and adequate site selection in the central city.

f. Relatively higher rates of taxation and poorer industrial services in the central city.

g. Greater amenities for the labor force in the suburbs.

h. The aging and high demolition and site acquisition costs of industrial structures in the central city.

Vide references under 1. above.

Jerome Rothenberg. "Local Decentralization and the Theory of Optimal Government." 1968.

4. There is a definite and serious employment problem in the area around the planned New Community. In the South End, Roxbury, and North Dorchester (in 1966) there was a 6.8% unemployment rate and a 24.2% sub-employment rate. (At that time, the Boston metropolitan area had a 3.4% unemployment rate.) Of those working full time, 8.5% were earning less than poverty wages ($60. per week).

U.S. Department of Labor. Sub-employment in the Slums of Boston. 1967.

Physical

1. In the 24 largest SMSA's, central city employment in trade and manufacturing declined both relatively and absolutely in the period 1948-63. However, in the same period there was a 32% increase in the number of jobs in selected services. (Selected services is a census category.)
Ganz. Op.cit.

2. Between 1947 and 1963, the Boston region's employment increased 12.9% in the face of an 8.14% decline in manufacturing employment.
MAPC. Economic Base and Population Study. Vol.I.

3. The MAPC has identified the top 5 manufacturing export groups, the top 5 non-manufacturing export groups, and the 10 national market industries whose regional product increased most rapidly in 1955-1963. It has also projected industry growth for the Boston region.
Ibid. pp. 46-47
MAPC. Economic Base and Population Study. Vol. II. pp. 6, 7,24,29.

4. The proportion of transport-sensitive industries in the Boston region is smaller than that of the nation, and that of skilled-labor-sensitive industries is greater, both by significant amounts.
Robert M. Lichtenberg. One Tenth of a Nation. 1960.
MAPC. Op.Cit. Vol. I.

5. If the industries of the New Community are closely linked with the CBD, excellent transportation services between the two areas could increase the viability of these activities.

6. The quality of waste disposal and sewage as well as water supply may be important for prospective employers.
Allen S. Powell et.al. A Study of Factors Affecting Industrial Growth in Northern Middlesex County and its Environs. 1965.

7. The location of workplace and the location of residence exert mutual pulls, mediated by distance and the transportation system. Where jobs can be found; which people will be served by the New Community's jobs. Both of these questions are dependent on the nature of the transport system linking it with the rest of the Boston region.
John F. Kain. "The Journey to Work as a Determinant of Residential Loaction." Papers and Proceedings of the Regional Science Association. 1962.

8. To emphasize the importance of transportation, we note that, in one study of a downtown Los Angeles area, 23 of 33 firms interviewed listed lack of accessibility to freeways as a main reason for moving from the study area.

Joel D. Leidner. "Major Factors in Industrial Location." In Hard-Core Unemployment and Poverty in Los Angeles. Area Redevelopment Administration. 1965.

9. The relative transport insensitivity and low plant area per employee of industries which are important to the Boston area might lead one to believe that a subsidy on the differential in land costs would lead many plants to locate in the New Community. However, there are other factors which militate against more than a minimal amount of industry being supplied in the New Community itself (although the nearby mainland areas may be made more attractive for this purpose). The first, and most important, of these is that there would be no room for expansion as the chart below shows, in a sample of recently constructed plants in relevant industries, the ratio of area for proposed expansion to present site area ranges from 1 to 40, with a median of 4 to 5. Moreover, almost all transportation of goods both to and from the proposed plants is truck transportation, which adds a good deal to space requirements, transportation network cost, and/or congestion.

Social

1. Because local amenities affect both the "image" of the employer and the quality of his workforce, they will be important tools in the determination of the industrial composition of the New Community.
   William Goldner. "Spatial and Locational Aspects of Metropolitan Labor Markets." American Economic Review. March, 1955.
   Benjamin H. Stevens et.al. An Investigation of Location Factors Influencing the Economy of the Philadelphia Region. 1967.
   Melvin L. Greenhut. Plant Location in Theory and Practice. 1956.
   Michael Chisolm. "Tendencies in Agricultural Specialization and Regional Concentration of Industry." Papers and Proceedings of the Regional Science Association. Vol. X. 1962.

2. Personal bars to employment:
   a. Inadequate and inferior education
   b. Health problems. "While the South End contains about 15 percent of Boston's population, it has 53 percent of all cases of pulmonary tuberculosis, 60 percent of all deaths caused by pulmonary tuberculosis and 78 percent of all infant deaths." p. 7.
   c. Hiring difficulties because of criminal records.
   U.S. Department of Labor. Op.Cit.

3. Part of any general effort to increase choice and equality in the city must be the gaining of more occupational and industrial mobility for its residents. "The spatial factors principally involved in regard to the widening of job choice are two: residential segregation and transportation." p. 282.
   Edgar M. Hoover. "The Evolving Form of the Metropolis." In H. Perloff and L. Wingo, eds. Issues in Urban Economics. 1968.

4. "Especially noteworthy is the tendency for localities with a relatively large distribution of college-educated persons to exhibit a more equal distribution of income...representing perhaps a form of economic noblesse oblige or at least unplanned beneficial spillovers." pp. 76-7.
   John M. Matilla and Wilbur R. Thompson. "Toward an Econometric Model of Urban Economic Development." Perloff and Wingo. Op.Cit.

5. As leisure time continues to grow, nearby recreation may become an important factor in people's residential location choices, and thus in the location choice of any industry which is attracted to them as a labor supply. This effect may be much more important when a firm is choosing between Boston and St. Petersburg--but it may not be irrelevant within the Region itself.
   Michael Chisolm. "Tendencies in Agricultural Specialization and Regional Concentration of Industry." PAPRSA. Vol. X. 1962.

6. Some of the details of size and composition of the working force depend on the nature of programs in other (say, social) areas. For example, the preliminary "Services" report states: "New directions in educational programs provide new careers and stimulate the economic vitality of the community." Detailed information on the nature of these programs and their substitutability with other "normal" services is necessary to evaluate their impact.

7. One possible alternative to day care centers (which, if professionally run, are very expensive) is use of the university's education students as nursery school teachers. This, of course, could be part of their educational program; a credit course as well as experience.

Another possible day care arrangement is the common sharing of responsibility by the parents of the poor. This arrangement might be combined with existing federal programs by which the mothers could be trained in this type of work at the same time. (SeeGovernment Topic Report, IIa. Nos. 4 and 5)

8. It must be made clear that as the nature of the composition of the community changes, the nature of the employment problem changes. Not only is there an obvious effect on the structural composition of the relevant labor force, but the whole employment problem takes on a much more secondary role.

9. Firms involved in research in the field of services and its technology, i.e. education, could be invited to partake in the experimental nature of the community. They would, of course, provide local employment and foot part of the local services bill in the process.

Economic

1. We wish to attract industries which will offer "good" employment opportunities: high wages, training, good working conditions, seasonal and cyclical stability, and employment for special groups.
City Planning Commission of Cincinnati. "The Economy of the Cincinnati Metropolitan Area," 1946.
Victor Roterus. "Suitability of Economic Activities in Relation to the Local Economy." Journal of the American Institute of Planners. Winter, 1947.

1a. Top 5 Manufacturing Export Groups (%gross prod. of all manuf. ex.ind.): Electrical machinery (19.9), non-electrical machinery (12.3), instruments (8.1), rubber (7.5), and transportation equipment (7.0). p.6.

Top 5 Non-manufacturing Export Industries: Insurance carriers (30.1), private education (21.7), federal civilian defense (17.8), medical services (15.2), and misc. business services (15.2). p. 7.

Projected industry growth, 1963-1980 (projected % change):--Mfg. Fabricated metal (58.0), electrical mach (31.2), misc. manufacturing (31.5), furniture (26.4), paper (26.1). p.24.

Projected industry growth, non-mfg (projected percent change, 1963-80): misc. services (154.5), medical services (76.8), legal services (65.2), financial, real estate (63.3), private education (56.2), insurance carriers (27.0) Federal civilian non-defense (24.9), federal civilian defense (13.0). p. 29.

MAPC. Economic Base and Population Study. Vol. II.

See also end of this topic report.

1b. A table of actual and "expected" (on the basis of employment structure standardized for color, sex, age, and years of schooling) hourly earnings by three-digit industry. Ratios for some of Boston's most important industries are (actual:"expected"):

		Code
Electrical machinery	1.12	259
Printing and publishing	1.12	398
Miscellaneous manufactures	1.08	296
Insurance	1.09	726
Medical and other health services, excluding hospitals	1.22	867
Educational services	.91	876
Miscellaneous services	1.14	898
Miscellaneous machinery	1.07	258
Rubber products	1.16	426
Miscellaneous business services	1.06	807
Fabricated metal	1.11	248
Paper products	1.05	386,7,9
Furniture	.93	209
Legal services	1.27	869

pp. 245-251.

above cont. in same order, from pp. 252-258.

Employment growth 1960/1950	Unemployment rate 1960
1.727	3.0
1.339	2.5
NA	NA
1.415	1.1
1.316	0.8
1.633	1.9
1.543	2.9
1.303	3.4
1.119	3.2
2.568	3.9
1.784	4.1
1.268,1.417,1.045	2.4,3.4,2.7
1.143	4.6
1.213	0.6

Victor R. Fuchs. The Service Economy. 1968.

2. Wage level is obviously an important consideration by itself, and also tends to be correlated with other job traits which we deem important. There are some industries which are traditionally low-wage. Similarly there are others which pay high wages--for the same jobs.

George E. Delehanty and Robert Evans Jr. "Low-wage Employment: An Inventory and an Assessment." n.d.

Barry Bluestone. "The Poor who have Jobs." Dissent. September-October, 1968.

Victor R. Fuchs. The Service Economy. 1968. Appendix I.

3. The urban labor market is a dual labor market. The stable, desirable workers belong to one part of this market. The other part consists of unstable, undesirable workers working in unstable, undesirable jobs. Part of the difficulty of working in this context is that the supply of and demand for employment adjust to each other. Low-skill jobs attract low-skill workers. And worker instability leads to a situation in which employers are deterred from organizing work so that advancement is possible.

Michael J. Piore. "Public and Private Responsibilities in On-the-job Training of Disadvantaged Workers." Working Paper. MIT Dept. of Economics. 1968.

Oscar A. Ornati. "Poverty in the Cities." Perloff and Wingo. Op.Cit.

Certainly residential location, discrimination, and lack of education and training make it difficult for blacks to have as good an employment position as whites. Doeringer feels, however, that the most serious problem may be the instability and poor work habits of the black. "With the exception of persons with specific employment handicaps, job referrals are available to most applicants at neighborhood employment centers. While many of these jobs pay $2.00 an hour or less, there are employment opportunities for the low-skilled. Approximately 79 percent of all persons referred are offered jobs, but more than half of these offers are rejected, and only about 40 percent of those hired can be expected to remain on the job for at least one month."(This refers to Boston.) p. 9/

"Even in loose labor markets employers fill semskilled and even some skilled job vacancies through on-the-job training and upgrading, relying upon the outside labor market for filling only the lowest skilled job vacancies." p.15.

"The problem of excessive turnover has generally evaded solution, except as a by-product of placements on higher wage, or otherwise more desirable, jobs." p. 17

"The obstacle to employment...is the cost of adapting a worker to the performance requirements of the work place." p. 23.

Peter B. Doeringer. "Ghetto Labor Markets--Problems and Programs." Harvard U. Program on Regional and Urban Econ. Discussion Paper No. 35. 1968.

4. Some notion of the employment problem from a structural point of view can be gained from the tables at the end of this topic report. In the Boston area, the highest ratio of unemployed to employed is among craftsmen, operatives, and laborers. The lowest ratio among those occupational groups relevant to employment-upgrading and unemployment objectives is in the nonhouse service group. By comparison, in the South End-Roxbury-North Dorchester area, a similar ratio is high in the service worker category (and also high in the laborer and operative categories). This would seem to have a twofold implication:

a. That there is a structural employment problem in this area within the service category, and

b. That job training and industrial relocation which stress the service sector might be a worthwhile tactic.

In specific, we may note that among industries important to the Boston area, the category of Miscellaneous Business Services may be an important one to stress. (Also, proximity to the downtown area may help in the location problem for this group.)

5. Technological industry, and in specific, electronics, seems to offer another good possibility for location in the New Community. We can catalog the following advantages:

a. Transport insensitivity.
b. Lack of important economies of scale in many operations.
c. Attractiveness of the New Community to scientists and technicians because of its amenities, its intown location, and its nearness to the proposed U. Mass. campus.
d. A nearness, as well, to a large supply of prospective production workers, either in the New Community or in the surrounding area. Here, it is possible to combine the location problem with various Federal programs.
e. Low space requirements per worker. (See table following.)

"Because of the importance of personnel and the relatively low materials and transportation costs for most finished products, the geographic location of technological companies is often determined largely by availability of personnel, particularly engineers and scientists." p.8.

There is very little concentration in technological industry. "One exedutive claims that for typical electronic measuring instruments, a fully efficient operation is possible with a staff of fifty people and annual sales of $1 million." p. 7.

Kirk P. Draheim. Technological Industry in the Upper Midwest. 1964.

"But it may sometimes be the case that R and D have become less important as a product is developed that taps a large market and becomes standardized. Thus, dependence upon highly-skilled technicians and a consistent flow of new ideas can become less complete; while the availability of large numbers of production workers (semi-skilled and unskilled, and a large proportion of them female) can achieve a special importance." p. 196.

R.C. Estall."The Electronic Products Industry of New England." Economic Geography. July, 1963.

6. We feel that a good estimate for the minimal amount of employment per 1,000 population is about 20 retail employees, 40 service employees, and 5 commercial employees. Using Lowry's estimates (with minor corrections for central location), we can derive a minimal estimate of 18,000 sq.ft. of retail space, 20,000 sq.ft. of service space, and 2,500 sq.ft. of commercial space per 1,000 residents.

Ira S. Lowry. A Model of Metropolis. 1964.
Mike Honey. 'Preliminary Analysis of Jobs..." Draft.

7. We do not feel that any retail center of regional importance is economically sound in the New Community. There are several basic reasons for this:

1. Transport requirements.
2. Parking requirements, and the general shortage of land.
3. Nearness to the downtown.
4. Relative lack of central location.

OCCUPATIONAL DATA FOR SELECTED INDUSTRIES.

Furniture and Fixtures		Fabricated Metal		
Male	Female	Male	Female	
2.1	0.1	12.9	2.9	1. Prof&tech
6.0	0.2	6.4	1.6	2. Managerial
4.4	31.9	7.1	43.4	3. Clerical
3.3	0.1	2.3	0.2	4. Sales
26.0	4.9	18.2	2.3	5. Craftsmen
48.8	53.9	36.8	44.2	6. Operatives
1.4	----	1.6	1.2	7. Service,nonhouse
5.3	2.0	4.9	2.2	8. Laborers
2.4	2.1	1.8	1.7	9. Not reported
82.6	17.4	82.6	17.4	X. % M,F

Office, etc.		Misc. Machinery		
Male	Female	Male	Female	
21.8	2.9	9.4	2.7	1.
6.7	1.1	6.2	1.9	2.
9.3	40.5	6.6	57.3	3.
5.8	0.1	2.1	0.2	4.
23.1	2.1	34.0	2.3	5.
29.1	49.9	35.4	31.5	6.
1.5	0.8	1.4	1.8	7.
1.1	0.4	3.0	0.5	8.
1.6	1.9	1.3	1.5	9.
87.4	12.6	76.4	23.6	X.

Electrical Machinery		Printing, Publishing...		
Male	Female	Male	Female	
21.7	2.7	7.1	6.7	1.
6.0	0.8	10.7	3.2	2.
8.2	26.6	8.5	49.2	3.
2.1	0.2	8.8	2.8	4.
23.9	2.7	44.3	13.0	5.
31.7	63.0	15.9	21.8	6.
1.6	0.7	1.3	0.6	7.
2.7	1.0	1.7	0.6	8.
1.8	1.9	2.2	2.2	9.
65.8	35.2	67.2	32.8	X.

Rubber Products		Insurance		
Male	Female	Male	Female	
7.6	2.0	5.6	1.8	1.
5.6	0.7	17.2	3.6	2.
6.8	29.9	17.2	84.2	3.
3.2	----	56.0	7.2	4.
17.3	2.7	1.6	0.1	5.
48.8	59.0	0.3	0.1	6.
2.1	1.0	1.0	1.4	7.
6.3	2.1	0.1	----	8.
2.2	2.2	0.7	1.1	9.
76.1	23.9	54.5	45.5	X.

Misc. Business Services

Male	Female	
22.7	8.6	1.
14.2	6.4	2.
11.4	66.4	3.
5.2	1.7	4.
15.5	2.1	5.
10.7	5.0	6.
16.2	8.4	7.
2.2	0.2	8.
1.4	1.1	9.
63.1	36.9	X.

OCCUPATIONAL STRUCTURE OF THE LABOR FORCE

U.S., Employed		Boston SMSA, Employed		
Male	Female	Male	Female	
10.2	13.0	14.8	14.2	1.
10.6	3.6	11.3	2.9	2.
7.0	29.6	19.8	35.5	3.
6.8	7.8	9.0	7.2	4.
19.5	1.2	8.4	1.2	5.
19.9	15.3	16.6	16.3	6.
6.0	13.4	7.9	10.5	7.
6.8	0.5	5.1	0.3	8.
4.5	5.6	6.0	7.7	9.
67.2	32.8	63.7	36.3	X.
		0.1	3.7	Y. Service-house

Boston, Employed		Boston, Unemployed		
Male	Female	Male	Female	
10.8	12.7	5.5	4.9	1.
7.3	2.4	3.3	1.2	2.
10.8	34.8	7.4	23.6	3.
6.5	6.2	4.7	7.1	4.
17.9	1.2	24.2	1.7	5.
19.0	16.8	23.5	37.1	6.
12.1	11.7	7.8	10.7	7.
6.6	0.3	13.5	0.9	8.
8.3	10.9	?	?	9.
59.7	40.3	69.5	30.5	X.
0.2	2.7	----	10.6	Y.

Source: U.S. Census of Population 1960 "Occupation by Industry" PC(2)7C
" " "Massachusetts. General Social and Economic Characteristics"

#	Expansion site	Employees/A.	Skilled / Unskilled	Site size (A)	% Men	Transport mode (%)
1	4	30	3/8	13	54	Truck (65%) Air (32%)
10	1	7	?	77	89	Truck (62%)
14	3	11	?	5	71	Truck (99%)
25	9	11	8?	14	48	Truck (100%)
31	40	2	?	220	83	Truck (100%)
50	2	39	49	23	64	Truck (95%)
58	1	47	1/10	11	32	Truck (85%)
63	5	29	?	23	43	Truck (92%)
55	7	10	1/3	31	75	Truck (62%) Rail (38%)
61	1	12	2/3	16	93	Truck (90%)

Rent $ Sq ft/worker	# Workers	Line of work
~~100~~ 239	~~300~~ 385	Tape recorders
77	517	Relays, switches, wired assblys, etc
241	56	Recording media (tape + wire (?))
222	166	Electro-mechanical + electronic components
160	460	Data collection syst. + components
152	901	Medical + indust. precision instr.
150	514	Computer components etc.
212	675	Locks + hardware
~~250~~ 283	300	Pharmaceuticals specialties
385	200	Filters + filter separators

43,560 ft.² = 1 A.

@ Theodore K. Parma. Characteristics of 63 Modern Industrial Plants. U.S Dept. of Commerce, EDA. 1966.

STRUCTURAL UNEMPLOYMENT IN THE SOUTH END, ROXBURY, AND NORTH DORCHESTER

Occupation	November 1966 Percent of Total Unemployed	July 1966 Percent of Total Unfilled Job Openings
Laborer	16.8	9.6
Service worker	19.0	9.5
Operative	19.7	7.9
White collar	15.3	60.0
Craftsman	5.1	13.0
Never worked	13.1	-
Not reported	11.0	-

Chart noting structural unemployment. p. 8.

U.S. Department of Labor. Sub-employment in the Slums of Boston. 1967.

The 10 national market industries whose Regional product increased most in 1955-63 (with % of total for all national market industries): scientific instruments (13.1), insurance carriers (11.1), electrical machinery (10.7), private education (10.1), miscellaneous manufactures(10.0) , transportation equipment (7.9), medical and other health services (5.2), miscellaneous services (4.9), printing and publishing (4.6), and federal defense (4.0). (This might also be compared with figures for other areas.) Of these ten, five " were either largely or entirely dependent upon the level and composition of national space-defense expenditures." (p.46) These are 1,3,6,8,10. Also, private education is one of the industries most dependent on government spending--and outright subsidy. (pp.46-7)

MAPC. Economic Base and Population Study. Vol. I.

Government

1. One of the most interesting questions in the field of employment and economic activity is whether the present organization of activity is optimal. Some private firms are now attempting to take over what have traditionally been public roles. And some public corporations (notable Community Development Corporations or very close analogs) have moved into traditionally private sectors. We feel that much research must be done in this area before any final decisions are made about the economic structure of the New Community.

Jill Hamberg and David Smith. "The Urban Coalition in Action." Viet Report. Summer, 1968.

Jaroslav Vanek. The Economics of the Labor-Managed Economy. Unpublished manuscript.

Harvard University Program on Science and Technology. Social Innovation in the City. 1968.

Gar Alperovitz et.al. Community Development Corporations--A New Model; A Progress Report. Mimeo. 1968.

a. Two important points that Vanek makes in his theoretical analysis of labor-managed firms is that they:

1. Tend to induce more effort from their laborers, since the laborer sees a more direct stake in the outcome of his actions in the labor-managed case, and

2. Tend to produce more training per worker.

The labor-managed firm may provide collective goods and, in doing so, become a kind of infra-local government. This position would seem to benefit both the members of the firm and the local government. The members (workers) would benefit simply because they would be better able to tailor services to their needs and become more engaged in a political process. (If they could not provide a given service at some net benefit to themselves, they would not produce it.) And the local government would benefit merely by not having to provide that service. (At this point, it is assumed that no tax break is given at the local level to the CDC, although within a feasible range of such concessions the above conclusions are still valid.)

Jaroslav Vanek. The General Theory and Perspective of Labor-Managed Market Economies. Forthcoming.

2. "The most effective measure to stabilize demand [for labor] would probably be a tax on employee turnover."

Piore. Op.Cit.

3. The quality of pre-college education is a very important factor not only to prospective members of the working force, but to those already in executive positions.

Powell et.al. Op.Cit.

4. "...departures of cities from expected levels of high school withdrawal, given their social and economic conditions, are related in large part to per capita welfare, health and educational program expenditures." p. 35.

R.A. Dentler and M.E. Warshauer. Big City Dropouts. 1965.

5. Government employment itself can be part of a solution of the employment problem.

6. One very interesting form of subsidy to the poor is a work subsidy. This would work like a negative income tax, but be paid as part of the worker's salary. This could be done either through public employment or through indirect payments through private employers. Here we must be careful that the jobs in this program are desirable; and that the profit motive will not lead the employer to do things outside the goals of the program.
Wilbur R. Thompson. A Preface to Urban Economics. 1965.

7. Because of the nature of the dual labor market, conflict is caused when a firm attempts to train secondary laborers in the same plant with primary workers. This kind of conflict may make some kind of segregation of these two types desirable. And this separation could only come through government intervention.

8. Decisions will have to be made on how to deal with discriminatory unions and laws that were made to protect them.

9. The question of industrial taxes and possible subsidies--and the jurisdictional problems they entail must be resolved.

9a While it is not clear that tax incentives can be an important factor in industrial location (unless carried to extremes), subsidies seem to be very effective. Moreover, the geo-economic externalities which are captured by the local government which undertakes the financing yield remarkably high rates of return--indicating, among other things, that local government or CDC investment in industry makes more economic sense than does investment by a private firm.
Joe S. Floyd, Jr. Effects of Taxation on Industrial Location. 1952.
James R. Rinehart. "Rates of Return on Municipal Subsidies to Industry." Southern Economic Journal. April, 1963.

10. Of the 10 national market industries in the Boston region whose product increased most rapidly in 1955-1963, five "were either largely or entirely dependent upon the level and composition of national space-defense expenditures." p. 46 Also, private education, another of these industries is dependent on government spending--and outright subsidy.
MAPC Op.Cit. Vol. I.

11. There are a great many federal employment programs which may be taken advantage of by the New Community. Below is a compilation of those which are presently law.
C. Duncan MacRae and Dorathy E.D. Sherman. "Present Federal Programs Dealing with Urban Development, Social Welfare, Job Creation and Job Upgrading." 1968.

A LIST OF RELEVANT FEDERAL PROGRAMS

1. Vocational Education Act of 1963, Section 13: Vocational Work-Study.
   Part-time employment for young people to help them begin or continue vocational training in institutions.

2. M.D.T.A., Title II: Institutional Training Programs.
   Occupational training programs in institutions to enable those already in the job market to acquire the skills necessary to make them employable.

3. M.D.T.A., Title II: On-the-Job Training.
   This program, which combines work and instruction, can be channeled through non-profit community organizations.

4. The Economic Opportunity Act of 1964 (as amended in 1967), Concentrated Employment Program: New Careers.

   This is a work-training program for adults, for jobs relating to community physical, social, economic, or cultural well-being. It combines an employment program in a field with rapidly-expanding opportunities with the possibility of experimental social services.

5. The Social Security Act, Amendments of 1967: Work Incentives.

   A program to train and employ heads of families receiving AFDC.

6. M.D.T.A., Title II, Section 204; and Economic Opportunity Amendment Act of 1967: Job Opportunities in the Business Sector.

   A venture by both the Federal Government and private industry to recruit and train the unemployed. Here the New Community may have a special advantage, being both near areas of great unemployment and underemployment and unencumbered by history.

7. M.D.T.A., Title I: Manpower and Automation Research Program.

According to the MDTA, the main purpose of this program is to "assist the nation in accomplishing the objectives of technological progress while avoiding or minimizing individual hardship or widespread unemployment." The program also provides for demonstration projects for new forms of government-industry cooperation in training the disadvantaged.

8. Economic Opportunity Act of 1964, Title V: Day Care.

Day care for children of low-income families, so that the parents of the children are able to work.

12. In assessing the benefits and costs of employment location decisions, we must evaluate the location of industry and commerce in relation to where it would have been were there no New Community. The same evaluation must take place for the residential location decision. Costs and benefits will then tend to vary, depending on the region considered. For example, the New Community is likely to have a greater benefit-cost ratio than is the Boston SMSA--and projects which might not be undertaken by a regional planning commission may be seriously considered by the BRA.

13. The government subsidy of private enterprise's role in the field of employment has received much moral support from the present national administration. However, it is our feeling that any such program must be very carefully run, perhaps with a fair degree of community control. For, it is within the tradition of the business firm to take over a role normally considered public and expropriate the benefits (in knowledge and/or profits) for itself. This occurance has been called "socialism for the rich and private enterprise for the poor." p. 51
Hamberg and Smith. Op.Cit.

14. "Most institutional training programs provide the seriously disadvantaged worker with but a superficial familiarity witha very limited range of equipment, materials, and operating procedures. Only very rarely does a broadly marketable skill result." p. 15.

Peter B. Doeringer. "Ghetto Labor Markets: Problems and Programs." Op.Cit.

15. Doeringer et. al. make the point that employment programs must be geared not (just) toward providing jobs for the unemployed, but toward solving the more basic problems of which irregular employment is a symptom. For example, a decentralized program like JOBS or theNAB program is considered a promising alternative. Here, a private employer sets up his own job training program for the unemployed and is reimbursed for his extra expenses. The difficulty with programs like this is control. A system of controls must be set up which push the private firm in the direction of public policy goals. Otherwise the profit motive may make his choice of trainees and his methods of training (not to mention his cost estimates) diverge from the ideal.

Peter B. Doeringer, ed. "Low Income Labor Markets and Urban Manpower Programs: A Critical Assessment." Harvard U. Program on Regional Economics. Discussion Paper #42. 1969.

II

Goal Reports

Humanistic goals

1. Provide employment for all those who live in the New Community and who wish to work there.

2. Provide employment for the widest number of residents of surrounding communities, especially those who now find it difficult to find appropriate work (or any work at all).

3. Provide employment which:
   a. Is economically rewarding.
   b. Recognizes the basic human rights of employees.
   c. Provides good chances for training and advancement.
   d. Is stable.

4. Equalize job opportunities among different economic, social, and racial groups.

Political Goals

1. Provide more social services, and provide them more efficiently.

2. Provide the residents with a voice in the direction of private enterprise, as well as public.

3. Provide employees with a voice in economic decision-making, and with the possibility of becoming managers themselves.

Planning Goals

1. Examine alternative modes of organization of production.

2. Examine the role of government and private enterprise in the economy of the New Community.

3. Discover new ways of planning for employee flexibility in a technologically changing world.

4. Experiment with new ways of equalizing employment opportunity.

5. In general, seek the most efficient and equitable methods of generating employment and, in general, organizing economic activity.

Topic Aspect Report

Economic Activity

Penelope Hedrick

General

1. Jobs, as well as population, are shifting outward in every large metropolitan area.
Meyer, Kain and Wohl, The Urban Transportation Problem, 1965.

2. The least suburban-mobile group of people (in terms of both residence and workplace) are the poor, especially the Black poor.
John F. Kain, "Housing Segregation, Negro Employment, and Metropolitan Decentralization," 1967.

3. Some of the reasons for the spreading-out of economic activity are:
Improved communications, reducing the need for face-to-face contact and thus off-setting the advantage of concentrating in the urban core.
The increasing dependnecy on truck transportation, coupled with the improvement of suburban highways and the worsening of urban street congestion.
Changing production techniques which require more land per employee and per unit of output.
The aging of industrial strucutures in the central city, coupled with high demolition costs. Assembling industrial sites of sufficient size in good locations is difficult, time consuming and costly in the central city. Likewise, expansion on present sites is very difficult.
Central City taxes are relatively higher and the industrial services poorer than in the suburbs.
There are greater amenities for the labor force in the suburbs, both at the workplace itself and at the residential areas nearby. This is especially important for those industries which employ a large number of women who prefer to live in the suburbs and do not want to commute back into the central city.
Meyer, Kain and Wohl, The Urban Transportation Problem, 1965.

4. While the national unemployment rate is fairly low now, the poor and the Blacks have always suffered form a much higher unemployment rate than the national average. This is true for the poorer sections of Boston. In 1966, the Boston metropolitan area unemployment rate was 3.4%. In the South End, Roxbury, and North Dorchester, the unemployment rate was 6.8%, and the sub-employment rate was 24.2%. Of those working full time, 8.5% were earning less than poverty wages ($60.00 per week).
U. S. Department of Labor, Sub-employment in the Slums of Boston, 1967.

Physical

1. There has been a general shift of economic activities out of the central city and into the suburbs. Between 1963 and 1975, the MAPC estimates that the number of persons employed in the Core will decrease by 4.9%. There will be increases only in the occupational groups of: professional, clerical and service worker.
MAPC, Employment and Manpower Requirements in the Core 1950-1990, September 1967.

2. The labor force residing in the Core is projected to decrease more rapidly than employment in the Core through 1975. Therefore, a continuation of 1960 commutation rates will not provide a balance of the labor force and employment by 1975, but would result in an excess demand for labor of 20,900 jobs.
Ibid, op. cit.

3. Changes within the labor force and types of jobs available include:
Shift toward higher skill levels within present occupations -- technological changes.
Shift towards industries and occupations requiring higher skill levels and more education -- increasing importance of electronics industries, research and development, hospital and educational services in the Boston area.
Shift toward service occupations -- Between 1948 and 1963, central city employment in trade and manufacturing declined in the 24 largest SMSA's, while there was an increase of 32% in the number employed in selected services.
Alexander Ganz, Emerging Patterns of Urban Growth and Travel, 1968.
Labor force becoming younger -- 26% of the labor force will be under 25 in 2000, as opposed to 17% in 1960.
MAPC, Economic Base and Population Study, Vol. III.
An increasing percentage of the labor force is female, with many more now combining a career and a family.
Ibid.

4. Since the question of location, both of residences and of industry, is becoming more and more a question of transportation, the community will have to be linked to Boston's downtown by rapid transit, and to the surrounding areas by major road systems. "The location of work-place and the location of residence exert mutual pulls mediated by distance and the trasportation system."
John F. Kain, "The Journey to Work as a Determinant of Residential Location," Papers and Proceedings of the Regional Science Association, 1962.

5. The quality of waste and sewage disposal, as well as the water supply may be important for prospective employers. In addition, the air noise may have some effect. There is also a severe land constraint limiting future possible expansion of any industries which do locate on the islands.

Economic

1. Want to match the industries and commercial activities brought in to the characteristics of the resident labor force so as to minimize commuting in and out of the community. Could attract industries by offering them a local labor force of the type they need.

2. For most persons there is somewhat of a trade off between the time and cost of commuting and the rents they must pay. By providing local employment and efficient rapid transit to the downtown, the time and cost of commuting would be greatly reduced, thus increasing their relative income..

3. In order to encourage people to move out to the islands, and to help improve the employment opportunities of the lower-income groups, we want to attract industries which will offer high wages, training, good working conditions, seasonal and cyclical stability, and employment for special groups. In addition, the industries should be relatively labor intensive, with fairly low square foot per employee requirements.

4. Industries vary as to what they pay for the same jobs. "Absence of a single price (wage) was found to be the general rule." Thus must pay particular attention to the industries which we try to get to locate on the islands, especially since high wages are often correlated with other job traits which we think important.
Orme W. Phelps, Structural Model of the U.S. Labor Market, 1958.

5. There are really two urban labor markets. One is composed of the stable, desirable workers, and the other is composed of the unstable, undesirable workers. To some extent, the supply and demand for employment adjust to each other, with the low-skilled jobs attracting the low-skilled workers. In addition, worker instability leads to a situation in which employers are deterred from organizing work so that advancement is possible. Because low-skilled jobs are usually available, this situation tends to encourage instability in these workers.
Peter B. Doeringer, ed., Low Income Labor Markets and Urban Manpower Programs: A Critical Assessment, 1969.

6. For those industries which seem desirable and feasible, it will be necessary to analyze plant-construction costs, and the costs of providing them with the facilities and services they need, i.e. transportation, water and sewage, and sufficient amounts of land.

what industries in particular?

Government

1. The whole question of the distribution of economic activities between the public and private sector should be studied. Some private firms are beginning to take over what have traditionally been pblic responsibilities, such as general education. At the same time, public corporations, like the Community Development Corporations, have moved into traditionally private spheres. This must be done before any decisions are made about the economic structure of the community.

2. Should take advantage of the great many federal training and employment programs. There is also a wide range of programs administered by the Small Business Administration. A compilation of those which are presently law can be found in:

C. Duncan MacRae and Dorathy E.D. Sherman, "Present Federal programs Dealing with Urban Development, Social Welfare, Job Creation and Job Upgrading," 1968.

3. Another question to be studied is the effect of various types of subsidies and taxes on the employment market. Among the types of subsidies to be considered are:

Tax on employee turnover -- an effective measure to stabilize the demand for labor

Work subsidy -- similar to a negative income tax, but would be part of the worker's salary. Could be done either through public employment or through indirect payments through private employers. Care must be taken that the jobs are desirable, lead to promotion; and that the profit motive does not lead the employer to do things outside the goals of the program.

Elimination of industrial taxes, or the provision of subsidies -- encourage location on the islands.

4. The government itself, federal, state and local, is one of the major employers in the U. S. at this time.

5. Of the ten national market industries in the Boston region whose product increased most rapidly in 1955-63, five "were either largely or entirely dependent upon the level and composition of national space-defense expenditures." Also, private education is highly dependent on government spending, another subsidy.

6. The quality of education provided must be greatly improved, especially in light of the current trends towards higher and higher educational requirements for the jobs which are now being created. In addition to the pre-college training, which is the most important in the long-run; programs must be established for further educating those who are already in the labor force. "...departures of cities from expected levels of high school withdrawl, given their social and economic conditions, are related in large part to per capita welfare, health and educational program expenditures."

R.A.Dentler and M.E.Warshauer, Big City Dropouts, 1965.

7. The discriminatory practices of unions, and the laws which protect them, must be eliminated.

how?

Social

1. The services and retail facilities necessary to the support of the community will also be a source of employment for the community members. This would include the schools, day care, hosiptal, plus the management and maintanence of the buildings, the transportation system, etc.

2. In the future a larger percentage of women, especially married ones will be working. This will require the establishment of extensive child care programs and after school programs, plus the locating of appropriate jobs in the near by area.

> By the year 2000 the number of women in the labor force will have double, rising from 36% of the total regional labor force in 1960 to 40% of it in 2000.
> MAPC, Employment and Manpower Requirements in the Core 1950-1990, September 1967.

3. Because local amenities affect both the "image" of the employer and the quality of his workforce, they will be important tools in the determination of the industrial and commercial composition of the community.

> William Goldner, "Spatial and Locational Aspects of Metropolitan Labor Markets," American Economic Review, March 1955.

4. Personal bars to employment:

> Inadequate and inferior education
> Health problems. "While the South End contains about 15 percent of Boston's population, it has 53 percent of all cases of pulmonary tuberculosis, 60 percent of all deaths caused by pulmonary tuberculosis and 78 percent of all infant deaths."
> U.S, Department of Labor, Sub-employment in the Slums of Boston, 1967.
> Hiring difficulties because of prejudice, poor work records, and criminal records.

5. Part of any general effort to increase choice and equality in the city must be the gaining of more occupational and industrial choice and mobility for its residents. "The spatial factors principally involved in regard to the widening of job choice are two: residential segregation and transportation."

> Edgar M. Hoover, "The Evolving Form of the Metropolis," in H. Perloff and L. Wingl, eds., Issues in Urban Economics 1968.

6. "Especially noteworthy is the tendency for localities with a relatively large distribution of college-educated persons to exhibit a more equal distribution of income;;;representing perhaps a form of economic noblesse oblige or at least unplanned beneficial spillovers."

> John M. Matilla and Wilbur R. Thompson, "Toward an Econometric Model of Urban Economic Development," Perloff and Wingo, op.cit.

Economic Activities -- Assumptions

1. The community is to be an integral part of Boston and of the greater Boston region.

2. The community will be dependent upon Boston for the provision of certain retail and commercial, governmental, educational and cultural services.

3. It will not be possible to employ all the community members within the community itself.

4. The islands will be tied to Boston and the region by efficient highway system and rapid transit.

5. The provision of retail, commercial, and community services, of a neighborhood and local nature, within the community will be a major source of employment for its residence.

6. The retail and commercial facilities on the islands will provide the residents with all of their common needs, taking into account the wide variety of income groups, ages and family sizes to be present.

7. Because the community will contain a wide distribution of income groups, ages and family sizes, a wide variety of jobs must be provided; so that some employment for each of these groups will be supplied on the islands. Special emphasis will be placed on employment for the poor, for they face the greatest employment problems.

8. Job training and education will be an integral part of both the employmnet system and the educational system.

9. Spectacle Island, 96 acres, will be developed at a later time (10 years) as an industrial area. This development might include recreational areas. However, this would decrease the already severely constrained number of acres available for such development.

10. The economic activities will be planned so as to benefit the community in all aspects of its life, including aesthetics.

11. The distribution of economic activities between the private and public sectors will be to increase efficiency to the extent possible, while maintaining a high level of equity.

12. Economic activities will be planned so as to meet future demands for goods and services, plus employment; while providing for economic growth.